

AGENDA



Recommendation for Board Action

AUSTIN HOUSING FINANCE CORPORATION (AHFC)

Regular Meeting: February 15, 2018

Item Number: **AHFC002**

Consent

Approve the negotiation and execution of a loan agreement with the Guadalupe Neighborhood Development Corporation, or an affiliated entity, in an amount not to exceed \$370,000 for the development of 4 homes to be sold to low- to moderate-income buyers in the Guadalupe-Saldaña Net-Zero Subdivision.

District(s) Affected: District 3

Lead Department	Neighborhood Housing and Community Development.
Fiscal Note	This item has no fiscal impact.
For More Information	Rosie Truelove, Austin Housing Finance Corporation Treasurer, 512-974-3064; David Potter, Neighborhood Housing and Community Development Program Manager, 512-974-3192.

Additional Backup Information:

If approved, the Austin Housing Finance Corporation (AHFC) would be authorized to enter into a loan agreement with the non-profit Guadalupe Neighborhood Development Corporation (GNDC), or an affiliated entity, to develop 4 single-family homes in the 11-acre Guadalupe-Saldaña Net-Zero Subdivision, located near Tillery and Goodwin. The proposed new homes will be located in Council District 3.

Funding Request

- § \$370,000 of federal HOME funds will be used to assist with the development and construction of the 4 homes.
- § AHFC funding would represent approximately 41% percent of the total project cost, with an average cost of AHFC funds at \$92,500 per AHFC-assisted unit.
- § Estimated Sources and Uses for the project are as follows:

Sources		Uses	
Owner Equity	\$ 30,000.00	Pre-Development	\$ 7,200.00
Requested AHFC Funding	\$ 370,000.00	Construction/Hard Costs	\$ 840,000.00
Habitat Contribution	\$ 400,000.00	Soft & Carrying Costs	\$ 52,800.00
Volunteer Labor (Habitat program)	\$ 100,000.00	TOTAL	\$ 900,000.00
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Project Characteristics

- § GNDC is using the Community Land Trust (CLT) model of ownership, whereby GNDC will retain ownership of the land, leasing it to the homebuyers for 99 years, and the homebuyer purchases the improvements.
- § GNDC will partner with Austin Habitat for Humanity (Habitat) on the development of these four homes. GNDC will provide land and post-closing management of the CLT properties. Habitat will provide funding (through private sponsorships), labor through a volunteer labor program, homebuyer education courses, and homebuyer financing.
- § The homes are estimated to sell for approximately \$170,000 to \$185,000. Because the buyer will be purchasing only the house and not the land, the cost of the land is not included in the sales price.

Population Served

- § All homes will be affordable to households with incomes at or below 80% of the Median Family Income (MFI), or \$65,100 for a 4-person household.
- § At least one home will be made available to buyers with incomes at or below 60% MFI, or \$48,840 for a 4-person household.

Current Property Tax Status and Future Impact

All four of the properties are currently 100% tax exempt. The Texas Property Tax Code allows non-profits a three-year tax exemption when developing affordable ownership housing. Barring any future changes to the Property Tax Code, once the homes are built, the land will remain tax exempt and only the improvements will be subject to taxation.

Guadalupe Neighborhood Development Corporation (GNDC)

GNDC is a 501(c)(3) non-profit organization that was formed in 1981. GNDC has constructed or rehabilitated over 100 homes and has provided affordable ownership opportunities for more than 50 families. GNDC also owns and operates affordable rental housing, both single-family and multi-family rental units.

For more information, the application is located at the following link:
<http://austintexas.gov/page/fy-17-18-funding-applications>.